

**DEFENSE LOGISTICS AGENCY**  
AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY

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# **FY 2012 Chief Financial Officer (CFO) Inventory Sampling Plan Execution**

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October 25, 2012



# Background

- The annual DoD CFO Sample Inventory was executed September 4 – September 30, 2012
- Based on one standardized sampling plan for all Services and DLA
  - Added General Fund (GF) Operating Materials and Supplies (OM&S) for Components
  - NIIN all Supply Condition Codes is the unit of analysis
  - Added seventh stratum to include items in DSS with zero/blank standard unit price
  - Leveraged CFO for a Floor-to-Book Completeness sample (65 locations)
- 2012 planning effort DoD CFO Sample Inventory execution began July
  - Led by Lynn Fulling (OSD) - weekly/biweekly teleconferences
  - OSD FIAR Directorate, finance and logistics representatives from the Services and DLA participated
  - Auditors were encouraged to observe the inventories taking place at the individual sites
  - CFO Sampling is outlined in ch. 7, DLM 4000.25-2 (MILSTRAP), June 13, 2012



# Plan Execution

- DLA Operations Resource and Research Analysis Office (DORRA) generates sample end of August
- Current Sampling Strata (Line Item = NIIN/SCC)
  - Extended Dollar Value between \$0 and \$9,999.99
  - Extended Dollar Value between \$10,000 and \$99,999.99
  - Extended Dollar Value between \$100,000 and \$999,999.99
  - Extended Dollar Value between \$1,000,000 and \$9,999,999.99
  - Extended Dollar Value > \$10 million and unit cost < \$1 million
  - All Items with unit cost > \$1 million
  - Zero standard unit price (SUP)

Working Capital Fund	General Fund
Army, Navy, Air Force, DLA - 800 NIIN (ea)	Army, Navy, Air Force - 100 NIIN (ea)
USMC - 450 NIIN	USMC - 50 NIIN

- DORRA collects CFO inventory results early October and distributes to each Service



# Way Ahead

- 2013 planning effort for DoD CFO Sample Inventory schedule has not been set
  - 2012 planning went up until week before execution (last week of August)
  - There have been no new requirements, requests, issues, or suggestions

	June	July	August
Agenda	Lessons Learned/ Methodology	Plan Changes	Finalize Changes
Frequency	One/Two	Two/Three	Two/Three

- Submission of FY 2013 observers requests forms must be received no later than August 16, 2013 (2 weeks prior to start of CFO Inventory) to avoid coordination pitfalls
  - September 1, 2013 is on a Sunday and Sep 2, 2013 is Labor Day
  - September 3, 2013 is projected start of 2013 CFO Inventory



# BACKUP SLIDES

- BACKUP SLIDES



# 2012 CFO Activity

- 30 sites were selected randomly for CFO Inventory Sampling
- 4375 NIINs were selected
- 19 CONUS DLA sites: Anniston; Albany; Barstow; Corpus Christi; Cherry Point; San Diego; San Joaquin; Jacksonville; Norfolk; Hill; Oklahoma City; Puget Sound; Red River; Richmond; Susquehanna; Tobyhanna; Warner Robins; Barstow (ISA) and Albany (ISA) - Industrial Support Activities
- 11 OCONUS DLA sites: Germersheim; Pearl Harbor; Camp Carroll Korea; Kuwait; Guam; Sigonella; *Bahrain, Kandahar*, Japan (Okinawa, Sasebo, and Yokosuka)
- 25 observers from Navy, Marines and DLA Audit Teams at eight sites

Observer Site	# observers	Observer Site	# observers
Hill, UT	2	Anniston, AL	2
San Diego, CA	4	Albany, GA	1
Barstow, CA	3	Richmond, VA	1
San Joaquin, CA	2	Susquehanna, PA	10



# Completeness

- 65 random samples from floor to validate completeness
- Five sites:
  - Susquehanna, *Barstow*, and Anniston - 15 locations selected
  - San Diego and San Joaquin - 10 locations selected
- To validate materiel is recorded in DLA Distribution Standard System (DSS)
- Counts of these samples were not required
  - Once the team knows the building number:
  - Randomly select the bay, aisle, location and level for each sample to be selected.
- This didn't require statistical formula, but to ensure randomness it should be recorded prior to starting warehouse observations.

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